

# The Livestock Auction in Ohio

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OHIO  
AGRICULTURAL EXPERIMENT STATION  
Wooster, Ohio



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## CONTENTS

Historical Development of Livestock Auctions .....	3
Development from Preceding Marketing Methods .....	3
Kentucky Influence on Ohio's Auction Sales .....	4
Purpose and Method of Study .....	4
Livestock Auction Sale Development in Ohio .....	5
Time of Organization and Reasons for Organizing .....	5
Location of Auction Sales and Day of Sale .....	6
The Importance of the Auction Sale in Marketing Ohio's Livestock....	7
The Business Organization and the Financing of Ohio Auction Sales..	10
Auction Sale Specialization .....	12
Handling Livestock Through the Auction Sales in Ohio .....	12
Time of Arrival .....	12
Grading .....	13
Order of Sale .....	14
Weighing .....	15
Selling Livestock Through Auctions .....	16
Auctioneers and Auctioneering .....	16
Policies and Methods of Keeping the Price in Line with the Central Markets .....	17
Bid Starting .....	18
Commission Charges .....	18
Insuring Stock .....	21
Veterinary Inspection .....	22
Consignors and Buyers at Ohio Livestock Auction Sales .....	22
Consignors .....	22
Buyers .....	24
The Farmers' Viewpoint .....	24

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PHIL S. ECKERT AND GEO. F. HENNING

## THE HISTORICAL DEVELOPMENT OF LIVESTOCK AUCTIONS

### DEVELOPMENT FROM PRECEDING MARKETING METHODS

The stage for the development of livestock auctions has been gradually taking shape for many years. No one single development in livestock marketing can be said to be responsible for the growth of these organizations. Probably, the most significant contributing factor was the rapid improvement in methods of livestock transportation. Each stage of the transportation history has been paralleled by a corresponding change in the methods of selling and buying livestock.

In the middle of the nineteenth century the railroad began to take prominence as a common carrier. Soon after its inception the railroad monopolized almost all forms of transportation, thus making the droving of cattle and transportation by water obsolete. During the reign of the railroad as a common carrier the terminal stock yards and terminal commission companies flourished. However, with the establishment of good roads and rapid improvements in motor vehicles a new factor was thrown into livestock transportation.

In recent years the truck has encroached severely on the monopoly of the railroads and now very large numbers of livestock are moving to market by motor transport.<sup>1</sup> The last decade has seen the passing of many railway shipping yards and, attendant with this change, has come the development of direct packer buying. Yearly, more and more livestock is being marketed direct, and the men and organizations that were formerly employed as middlemen in the terminal system are feeling the change sharply.

Hence, the increase of direct packer marketing, the rapid development of motor transportation, and many other factors (some tangible and some intangible) have given rise to a method of livestock marketing that is rapidly assuming prominence—namely, the livestock auction.

From a competent authority<sup>2</sup> it is noted that the holding of auctions in America took place at a very early date. Sales were held in New York City as early as 1676. The selling of commercial livestock at public auction has been an established custom for centuries in Great Britain. However, in the United States not much has been attempted in this direction, although in the history of this country a large share of the horses sold in the city markets have been sold at auction as unregistered commercial stock.

One of the oldest American livestock auction sales was established in 1853 at London, Ohio, by a group of men under the name of the "Madison County Importing Company". From 1853 to 1912, a period of 59 years, this sale was

<sup>1</sup>Ashby, R. D. *Livestock Trucking by Illinois Shipping Associations*. Ill. Agr. Exp. Sta. Cir. 331.

Henning, G. F. 1933. *Motor Transportation of Livestock in Ohio*. Ohio Agr. Exp. Sta. Bull. 531.

Johnson, E. C. and E. A. Johnson. 1931. *Trucking Livestock to South St. Paul*. Minn. Agr. Exp. Sta. Bull. 278.

<sup>2</sup>Plumb, C. S. 1927. *Marketing Farm Animals*. Ginn & Company.

of much importance. About 1900 it became primarily a horse auction. Following 1912 the sale of livestock was unimportant, although, until 1919, there was considerable business activity in London on sale day.<sup>3</sup>

In 1911 an auction sale was started by a group of Mennonite farmers at Berlin, Ohio. This sale handled mostly miscellaneous merchandise at first, but it handled more livestock after a few years of operation. This sale is still functioning after 23 years of continuous operation under the management of S. D. Miller of Berlin. Sales were originally held once a month but were soon put on the bimonthly basis which still continues.

Although the Corn Belt States were first in developing the livestock auctions, other sections of the country began to try the experiment. Hog sales were started in Kern County, California, in 1917. In 1919 seven counties in the State formed the California Farm Bureau Marketing Association and cooperated in conducting periodical sales. During a period of 6 years ending in 1924, the association held 1008 sales, the hogs selling at a total valuation of \$5,780,200.<sup>4</sup>

### *KENTUCKY INFLUENCE ON OHIO'S AUCTION SALES*

The present livestock auctions in Ohio are patterned to a great extent after the Kentucky auctions.<sup>5</sup> The Kentucky auctions were mostly lamb sales, the earliest starting operations at Lexington in May 1922. In 1925 central Kentucky was populated by 13 auction sales selling cattle, calves, hogs, sheep, and lambs. According to C. D. Phillips, of the Marketing Division of the Extension Service at the University of Kentucky, there were about 39 or 40 auction sales operating in Kentucky in 1930. Roughly, about 25 per cent of this number have been forced to quit operation because of lack of volume. The 20 or 25 main auctions that remain have held their own and in some instances have shown considerable increase. The Kentucky auctions were mainly responsible for the innovation of a new type of selling livestock in Eastern United States.

The success of the Kentucky organizations was the stimulus that prompted many Ohio livestock men to consider the operation of sales in Ohio. Mr. James Caldwell, a native of Paris, Kentucky, has probably done more towards instituting the livestock auction in Ohio than any other one man. Since the introduction of the Kentucky methods into Ohio in 1930 the development of sales throughout Ohio has been rather spontaneous.

### *PURPOSE AND METHOD OF STUDY*

Due to the rapid development of the livestock auctions in Ohio the Department of Rural Economics of the Ohio Experiment Station began a study of Ohio auctions in the summer of 1934. An investigator visited each one of the sales, interviewed someone connected with the auction (usually the manager), and obtained the information concerning the auction sale.

Also, a list of representative farmers who were familiar with the auctions was obtained from county agricultural agents in the territory surrounding 30 auctions. While this list may not be typical of all farmers, it is thought that

<sup>3</sup>Heffron, S. H. 1931. Saleday at London Ohio. Thesis presented for the Master of Arts Degree at the Ohio State University.

<sup>4</sup>Plumb, C. S. 1927. Marketing Farm Animals. p. 266. Ginn & Company.

<sup>5</sup>Johnson, E. C. 1926. Kentucky Livestock Sales Organizations. Ky. Agr. Exp. Sta. Bull. 270.

it did represent a good cross section of those farmers who had experience with livestock auctions. Approximately 900 names were secured. Questionnaires were sent to them and replies were received from 462 informants. An analysis of these answered questionnaires forms the basis of the concluding section of this study on the farmers' viewpoint.

## LIVESTOCK AUCTION SALE DEVELOPMENT IN OHIO

### TIME OF ORGANIZATION AND REASONS FOR ORGANIZING

The organization of livestock auctions in Ohio has taken place over a period of years, slow at first but more rapid in recent years. Over 80 per cent of the auction sales still operating have come into existence during the last 4 years, as Table 1 indicates.

TABLE 1.—Date of Organization of 58 Auction Sales now Operating in Ohio

Date	Organization		
	Private	Cooperative	Total
1911.....	1	.....	1
1923.....	1	.....	1
1925.....	1	.....	1
1926.....	1	.....	1
1928.....	1	.....	1
1929.....	3	.....	3
1930.....	9	.....	9
1931.....	10	1	11
1932.....	9	.....	9
1933.....	7	.....	7
1934.....	7	7	14
Total.....	50	8	58

If those auctions which have failed or ceased operations were included in the table it would change the order of organization very little. Several of the recently organized sales have fallen by the wayside but the majority of dissolutions have been scattered.

Several managers have said that the growth of auction sales has been accompanied by and has been dependent upon the economic depression. Table 1 substantiates the idea of auction sale growth during periods of depression. However, it is quite unlikely that the theories advanced to prove that a depression is essential for the development of such sales can be fully established.

Promoters of auction sales have had several reasons for exerting their efforts. The variation that existed between attitudes of sale managers is given in Table 2. Varied conditions such as location, prosperity of enterprise, local prejudice, philanthropic attitude, and many other factors affect the answer to this question.

Of course the primary incentive for the organization of a livestock sale is the profit that may accrue from its operation. Table 2 enumerates other secondary reasons that stimulate the promotion of such enterprises. The most common reason, that of bettering marketing methods, includes such factors as convenience, economy, efficiency, and rapidity of marketing.

**TABLE 2.—Reasons for the Organization of Ohio Auction Sales  
as Indicated by 35 Sale Managers**

Reason	Number
Better methods of marketing livestock .....	13
Protect business against competition from other auction sales .....	11
Make more money .....	2
Prevent business from leaving community .....	2
Render service to the community .....	2
Obtain higher prices .....	2
Relieve trucking necessary to accumulate stock .....	1
A void paying commission charges on central market .....	1
Create a market to replace community sales during the depression .....	1

*LOCATION OF AUCTION SALES AND DAY OF SALE*

At the time of this writing (1935) there are 58 livestock auction sales operating in 44 counties in Ohio. Every livestock area is populated by one or more livestock auctions. The only areas where auctions are scattered widely are the southern and southeastern hill counties. Figure 1 indicates the approximate location of Ohio's livestock auctions.



**Fig. 1.—The location of Ohio's livestock auctions**



The day of the week on which the sale takes place at each of the larger auctions is given in Figure 2. Sales on Tuesday, Wednesday, and Thursday are most common. This sale-day competition becomes of considerable importance when the sales are drawing consignments from the same area. Buyers who would like to attend a number of the sales are forced to choose one of them because they are all held on the same day. Alternation of sale days, at least by those organizations in the same general area, could probably be accomplished if the managers would view the livestock auction sale in its broad aspect.

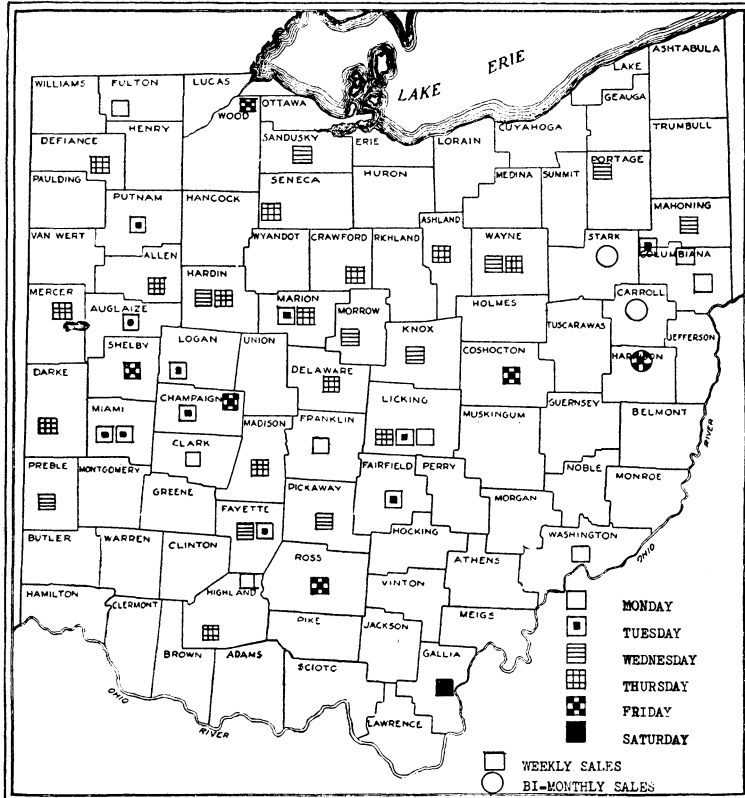


Fig. 2.—The day of the week on which Ohio livestock auctions are held

### THE IMPORTANCE OF THE AUCTION SALE IN MARKETING OHIO'S LIVESTOCK

The size and hence the importance of the auctions can be measured by the volume of stock handled per sale, the yard capacity, and the mileage areas served. There was considerable variation in the size of sales over Ohio. There was also variation in the prominence in numbers of one species over another. In other words, a sale may be considered a small calf sale but a

large hog market. Tables 3 and 4 give data on both the total number of live-stock handled and the division between species. These two tables do not include those small sales that sell less than 200 head of livestock weekly.

**TABLE 3.—The Total Average Weekly Volumes per Sale of All Livestock Handled by 35 Ohio Auction Sales**

Number of livestock	Number of sales
0- 499.....	10
500- 999.....	18
1000-1499.....	5
1500-1999.....	1
2000-2499.....	1

**TABLE 4.—The Total Average Weekly Volume of 35 Ohio Auction Sales By species handled**

Number of head	Number of sales			
	Cattle	Hogs	Calves	Sheep and lambs
0- 99.....	13	4	20	16
100- 199.....	15	4	13	10
200- 299.....	5	6	1	4
300- 399.....	2	5	1	3
400- 499.....	.....	5	.....	.....
500- 599.....	.....	5	.....	1
600- 699.....	.....	2	.....	.....
700- 799.....	.....	2	.....	.....
800- 899.....	.....	.....	.....	.....
900- 999.....	.....	1	.....	.....
1000-1500.....	.....	1	.....	1

In hogs there appears a considerable variation in numbers handled by different sales. The range is from less than 50 to nearly 1500 head. The volume of cattle, calves, and sheep is usually below 200 head. Since the figures given in Tables 3 and 4 are weekly averages, we can estimate the annual volume of livestock handled by auction sales. These figures are changing constantly and in the last several years have been growing rapidly, due to the increase in area served by sales (Table 5).

**TABLE 5.—The Estimated Weekly and Yearly Volume of Livestock Handled by 35 of Ohio's Largest Auction Sales**

By species and totals

Period	Total	Cattle	Hogs	Calves	Sheep and lambs
Weekly.....	26,871	4,548	14,012	3,018	5,293
Yearly.....	1,343,550	227,400	700,600	150,900	264,650

The yard capacity of local concentration markets, sometimes known as union stock yards, in which auctions are held is not included in Table 6 because the table is used to indicate only the capacity of barns and yards used for auction sale purposes. In other words, the local concentration yards usually

have a capacity that exceeds the demands for yard space on day of sale. The smallest of the auctions in regard to yard space has a capacity of 450 head of mixed livestock, and the largest has a capacity of 3500 head.

**TABLE 6.—The Approximate Total and Average Yard Capacity of 30 Selected Auctions in Ohio**

Species	Yard capacity in number of head	
	Total	Average
Hogs .....	32,950	1,100
Cattle .....	9,375	310
Calves .....	6,460	215
Sheep .....	12,700	425
Total and average .....	61,485	512

If each of the 54 sales which were shown in Figure 1 were circumscribed by a circle 60 miles in diameter, the approximate area served by Ohio auctions would be indicated. Auctions are located in 44 counties and every livestock section has an auction in its midst. In fact, there are some parts of Ohio in which there are no other market outlets.

Table 7 points out that the area from which most of the small sales usually obtained consignments was about 48 miles in diameter. An average of the drawing area of the small sales would be an area approximately 54 miles in diameter. The large sales, or those receiving more than 400 head of livestock per sale, drew consignments from wider areas. The average distance from which this latter group of organizations usually drew consignments was estimated at 35 miles, or, in other words, these auction sales received their usual run of consignments from an area about 70 miles in diameter.

**TABLE 7.—The Estimated Usual and the Occasional Drawing Areas\* of 35 Ohio Livestock Sales**  
By radii in miles

Radius in miles	Small sales†				Large sales‡			
	Usual§		Occasional		Usual§		Occasional	
	No. of sales	Average distance	No. of sales	Average distance	No. of sales	Average distance	No. of sales	Average distance
0- 40 .....	13	24.0	4	31.2	14	29.0	1	30.0
41- 80 .....	2	47.5	5	59.0	6	49.2	6	57.5
81-120 .....	.....	.....	.....	.....	.....	.....	3	100.0
121-160 .....	.....	.....	.....	.....	.....	.....	4	140.0
Totals and averages	15	27.1	9	46.7	20	35.1	14	88.2

\*Areas from which stock are drawn for consignment.

†Small sales—less than 400 head per sale.

‡Large sales—more than 400 head per sale.

§Usual—Radius from which receipts are usually drawn.

||Occasional—Radius from which receipts are occasionally drawn.

**THE BUSINESS ORGANIZATION AND THE FINANCING  
OF OHIO AUCTION SALES**

The auction sale is adaptable to several kinds of business organization and financial arrangements. Fifty-two of Ohio's sales have chosen the following forms of organization:

FORM OF ORGANIZATION	NUMBER OF SALES
Single proprietorship	24
Corporate enterprise	16
Cooperative enterprise	8
Partnership	4

Sales have been organized by individual farmers, business men, community leaders, cattle dealers, farmer cooperatives, so-called promoters, and, in some cases, by justly-named shysters. However, since 85 per cent of the sales now operating have been operating 1 year or more, 68 per cent for 2 years or more, 48 per cent for 3 years or more, and 31 per cent for more than 4 years, the indications are that, since there have been few complete failures, the organization of these enterprises has been by competent men. In those sales where chicanery or fraud has been practiced the management has not long remained unmolested.

As has been stated, various groups were financially interested in auction sales. Table 8 shows to what extent the various groups were interested in the financing of some of the corporate enterprises.

**TABLE 8.—Some Data on the Financing of 14 of Ohio's  
Corporate Livestock Auction Sales**

Auction sale number	Stock holders (Per cent of total)			Number of share holders	Value per share of stock	Number of shares sold	Capi- talized value
	Business men	Farmers	Dealers				
1.....	80	20	.....	16	100	58	<i>Doi.</i> 5,800
2.....	50	50	.....	12	100	100	10,000
3.....	100	.....	.....	9	100	81	8,100
4.....	50	50	.....	11	100	70	7,000
5.....	.....	100	.....	.....	.....	.....	16,000
6.....	75	25	.....	.....	.....	.....	.....
7.....	.....	.....	.....	20	50	52	2,600
8.....	25	75	.....	21	100	137	13,700
9.....	50	50	.....	4	100	100	10,000
10.....	.....	100	.....	18	100	40	4,000
11.....	100	.....	.....	15	50	98	4,900
12.....	100	.....	.....	3	100	45	4,500
13.....	60	40	.....	18	100	85	8,500
14.....	50	25	25	125	5	1500	7,500
Average.....	47.9	50.2	1.9	.....	.....	.....	7,862

Table 8 shows that there was usually less than a score of stock holders in the auction sales organized as corporations. Since the average capitalized value of these concerns was approximately \$7900 and the most usual number of stock holders averaged about 13, it follows that the average investment per share holder was approximately \$600. It is interesting to note that in the aggregate community business men have furnished nearly half of the funds

necessary to finance these enterprises. This situation would probably not be true in the smaller auction sales because they have a tendency to create disfavor with the local business men by the selling of considerable merchandise.

The incidental or operating expense per weekly sale varied considerably among the different organizations. Thirty-five auction sales were studied to obtain information on which Table 9 is based.

**TABLE 9.—The Total Weekly Cost of Operating an Auction Sale\***

Cost in dollars	No. of sales	Percentage of total	Cumulative percentage
40- 59.....	9	25.7	25.7
60- 79.....	8	22.8	48.5
80- 99.....	3	8.6	57.1
100-119.....	6	17.1	74.2
120-139.....	1	2.9	77.1
140-159.....	3	8.6	85.7
160-179.....	3	8.6	94.3
180-199.....	0	0.0	94.3
200-219.....	2	5.7	100.0
Total.....	35	100.0	.....

\*Includes expense of auctioneers, yardmen, clerks, extra office help, extra manual help, ringman, advertising, telephone, weighman, and miscellaneous expenses.

The average weekly operating cost was approximately \$98. The lowest weekly expense of the entire group was \$40 and the highest was \$210. Table 9 indicates that nearly three-fourths of the representative sales studied had weekly expenses that ranged from \$40 to \$120.

The question that naturally arises is, "Where does the money go?" Table 10 attempts to answer this question.

**TABLE 10.—The Estimated Percentage the Individual Sale-day Expense Items are of the Total Sale-day Expenses**

Auctioneering.....	30.0	
Manual labor:		30.0
Yardmen.....	18.1	
Extra manual help .....	8.8	
Ringman .....	7.8	
Office supplies and expenses:		34.7
Clerks.....	10.9	
Extra office help .....	5.7	
Advertising.....	7.8	
Telephone.....	4.6	
Weighman .....	3.4	
Miscellaneous.....	2.9	
		35.3
Total.....		100.0

Table 10 points out where opportunities for cuts in operation may possibly be found. Thus, it is estimated that of the total sale-day expense 34.7 per cent of the expense was incurred in handling livestock in the yards. These expenses include yardmen, other manual help, and the ringman. Auctioneering alone required 30.0 per cent of the total expenses. The remaining 35.3 per cent of the sale-day expense was required for clerical work, communications,

advertising, and miscellaneous expenses, which include stationery, stamps, printing, etc. The expenses are roughly divisible into thirds as follows: one-third to office supplies and expenses, one-third to manual labor, and one-third to auctioneers.

### *AUCTION SALE SPECIALIZATION*

In some sections of Ohio there was considerable opposition to the practice of selling merchandise in what is supposed to be a livestock sale. On the other hand, there were a few small sales that seemed to thrive on the sale of miscellaneous merchandise. Table 11 indicates what 40 of Ohio's sales were selling and what the managers of these sales thought of the mixed sale idea.

**TABLE 11.—The Types of Ohio Auction Sales and Manager's Opinion of Mixed Sale**

Sales	No.	Manager's opinion	
		For	Against
Livestock only .....	20	0	20
Mostly livestock—some merchandise .....	18	10	8
Mostly miscellaneous chattels .....	2	2	0
Total.....	40	12	28

The largest auction sales sold livestock only, and the tendency was for the sale of merchandise, machinery, produce, fruits, clothing, furniture, etc., to increase as the size of the sale (measured in monetary value of articles sold) decreased. Where miscellaneous chattels were handled the buying activities of the larger livestock buyers and dealers were discouraged. The money value of the miscellaneous chattels handled at the mixed auction sales was usually relatively small, but the time consumed in the sale of these articles was considerable. This was especially true at certain times of the year when farm machinery was changing hands.

In general, it can be said that the type of sale is dependent upon the location, the type of people in the community, and the business tactics of the auction manager. Specifically, it can also be said that a superior livestock sale does not develop where merchandise of all descriptions forms a part of the articles sold.

### **HANDLING LIVESTOCK THROUGH THE AUCTION SALES IN OHIO**

#### *TIME OF ARRIVAL*

Livestock is brought into the sale at varying times. It may be brought in late in the afternoon on the day of sale, or it may be brought in a day or two early and held over.

The prevalent practice of bringing stock late on the sale day is justifiably subject to much criticism from auction sale operators. By delivering stock late the consignor attempts to eliminate loss of weight that may result from long holding of animals in yards without feed or water, but it would seem that the advantages of early consignment outweigh those of late consignment. Early consignment is attended with more careful handling of the stock, less

handling costs, more thorough inspection for disease or parasite infestation, less chance for mistakes in bookkeeping, and possibly a higher price resulting from greater accuracy in grading and weighing. Thoroughness and accuracy cannot accompany the speed of handling necessary to care for late and congested consignments.

### GRADING

Grading stock at auction sales brings out three general problems. Consignors who consign enough stock to take advantage of the lessened commission charges desire that their stock be sold individually and then object to paying the higher selling charges on individual sales. This criticism is unfounded because it can be readily seen that practically the same labor charges and handling facilities are required to sell one consignment of five hogs singly as are required to sell five consignments of one hog each.

Buyers, especially large buyers, ask that more grading be done, and their request is certainly defensible when one considers the time, labor, and expense connected with sale of individual animals.

The consignor often objects to grading on some particular sale day, because his calf might be slightly superior to those with which it is sold. This may be true at times, but the law of averages tends to prove, according to those interviewed, that over a number of sales the graded value is at least equal to the individual value.

As the volume of sale increases, more and more grading is likely to be done. There is still room for advancement in this respect among Ohio's sales. The situation is shown in Table 12.

**TABLE 12.—Number of Sales Classified on Method of Grouping Animals for Sale**

Method	Number			
	Hogs	Cattle	Calves	Sheep and lambs
Single animal .....	2	9	8	2
Graded lots .....	13	10	12	12
By direction of seller .....	all	all	all	all
Individual consignment .....	18	17	13	16
a. Graded .....	10	8	6	11

In all of the auctions the livestock was sold according to the consignors' instructions, but, if he did not stipulate the method, the stock was sold in the customary manner peculiar to the particular sale. One of the big disadvantages of many of the auctions was the time consumed when animals were sold singly. Prices were also depressed because big buyers will not attend sales where the selling is customarily done in this manner, and the big buyers are usually the men who pay the top prices. There is no readily apparent excuse for requiring 10 hours to sell 1500 head of livestock. In 14 of Ohio's sales no grading is done except when consignors insist that their consignments be divided up.

## ORDER OF SALE

The most usual order of sale of the four main species is as follows:

1. Hogs
  - A. Stocker-feeder hogs.
  - B. Fat or market hogs.
2. Calves
3. Sheep and lambs
  - A. Feeding lambs.
  - B. Fat lambs, market sheep, and breeding ewes.
4. Cattle
  - A. Stocker-feeder cattle.
  - B. Fat or market cattle.

Other types of livestock are usually sold as follows:

Pigs—Very early in the sale.

Boars, Sows, Roughs, Stags—Early in the sale.

Milk Cows—Toward the middle of the sale.

Horses—When sold on the same day as other stock they were sold somewhere near the middle of the sale. The largest horse sales were not combined with the sale of other livestock but were held on a special sale day.

As is true of most of the practices at auction sales there was a great deal of variation from the above order, because variations in the time of arrival of different species, the consignors (whether they are farmers, traders, or shippers from distant markets), the relative volume of the different species, the type of buyers, ease of handling, the season of the year, and many other factors enter into consideration at every sale. Many of the reasons for variation are shown in Table 13.

**TABLE 13.—Reasons for Particular Order of Sale and Number of Managers Reporting These Reasons**

Reason	Number
Farmers desire to leave early .....	17
No particular reason .....	5
Facilitates ease of handling stock .....	3
In order to meet R. R. schedule .....	2
To maintain rigid selling schedule .....	1
Changed according to request of buyers .....	1
Copied idea from Kentucky sales .....	1
Changed according to season of year .....	1
Farmers make purchases last .....	1
Farmer's consignments first, in order that he may have buying power later in the sale .....	1
To relieve noise from calves as soon as possible .....	1

The order always seemed to rest largely upon buyer preference; that is, excluding unchangeable conditions such as yard equipment and railroad schedules, the stock was sold the way the buyers wanted it sold. Special privileges were often granted to large buyers in adjusting the order of sale to suit their wishes.

It was contended by several auction managers that the sequence in which the different species were sold was of no importance if a time schedule for selling was rigidly maintained. Another manager brought out the theory that the sale would be well attended if it was worthy of attendance, regardless of the order of sale.



When feeder stock was sold first, the auction sale enjoyed a double advantage—that of pleasing the farmer buyers and the disseminating of feeder stock throughout the surrounding community. The feeders sold to patronizing farmers will undoubtedly be put through the sale again after they are conditioned for the market. The profit accruing from this operation has induced several auction sales to buy western feeders and sell them through the auction at little or no profit in order that commissions on the sale of this stock may be obtained later on.

### WEIGHING

No part of the auction sale has received as much attention and discussion by all parties concerned as the weighing of the livestock. The main topic of attention was shrink in weights or drift. Shrink in weights cannot be discussed without raising the topic of in-weights and out-weights. Table 14 indicates the weighing practices in 34 of Ohio's prominent sales. These figures should indicate the majority preferences of the people concerned.

**TABLE 14.—Auctions Weighing Before and Auctions Weighing After the Sale**

Auction sales	Hogs	Cattle	Calves	Sheep
<b>Numbers:</b>				
Weighing in.....	19	9	18	19
Weighing out.....	15	25*	16†	15
Total.....	34	34	34	34
<b>Per cent:</b>				
Weighing in.....	55.9	26.5	52.9	55.9
Weighing out.....	44.1	73.5	47.1	44.1
Total.....	100.0	100.0	100.0	100.0

\*In four of these 25 sales feeder cattle were weighed in and fat cattle were weighed out.

†In one of these 16 sales calves were bought on in-weights and sold on out-weights.

Table 14 shows that there was a marked preference for weighing cattle out. In the case of hogs and sheep slightly more than half of them were weighed in. Calf weighing was nearly a fifty-fifty proposition, since 52.9 per cent of the sales was weighed in. Since there was such a marked difference in the attitude towards weighing in or weighing out, it was of interest to know the usual reasons for these practices as given by auction sale managers. Reasons given for weighing in were:

1. Customary—"Weights are cut 5-10 pounds to allow for fill."
2. To save expense incidental to weighing out.
3. Consignor preference.
4. Eliminates feeding and watering.
5. Facilitates ease of handling.
6. Most equitable way of distributing the drift from the farm to the packing plant.

Reasons given for weighing out were:

1. To prevent buyers from buying filled stock.
2. To get more dollars for the consignor.
3. In order to handle the stock faster.
4. To attract cattle buyers.
5. Because of buyers' insistence.

Differing opinions on the weighing of stock have given rise to a number of different methods. Many of the methods are not planned methods but exist because they were put in operation when the auction sale first started and changes in operating methods are not frequently made. Different methods of weighing in Ohio auction sales are:

1. All stock weighed in.
2. All stock weighed out.
3. Cattle only weighed out.
4. Feeder cattle weighed in, and fat cattle weighed out.
5. Cattle and calves weighed out.
6. Calves weighed in and also weighed out.
7. Optional with seller.

In a few of the Ohio auction sales there was no question about methods of weighing, since the stock was sold by the head. Many of the auctions that were using scales formerly sold by the head. The change from the by-the-head method of selling to that of weighing marks an advance in auction sale technique. The weigh-and-grade system was first inaugurated in Ohio at Gallipolis. There has been a gradual tendency toward selling by the pound, until at the time of this study only a few auctions in northeastern Ohio sell by the head.

## SELLING LIVESTOCK THROUGH AUCTIONS

### *AUCTIONEERS AND AUCTIONEERING*

This part of the livestock auction has never had a great deal of study devoted to it, and more data should be obtained on this particular subject. Too little attention and too little importance have been given by some auction managers to the auctioneering and bidding at their sales.

For those unacquainted with livestock auction sales a brief discussion of the common bidding and selling practices that existed in Ohio at the time of this study may be of some interest. Little difference exists between the fundamentals underlying auctioneering and bidding of livestock and those underlying sales of fruit, tobacco, furniture, store equipment, etc., by auction.

In the livestock auction ring the auctioneer does not indulge in the jargon common to fruit auctioneering at the railroad fruit terminals. But to one unaccustomed to the nomenclature, the bid crying is quite a babble, and thus many a newcomer has "the wool pulled over his eyes" until he learns what it is all about from experience.

Livestock is sold both by the pound and by the head in Ohio. The former method greatly predominates. Auctioneers must have an excellent knowledge of values and weights to auctioneer at the two types of sales.

When the last bid is received the stock is sold. The name of the buyer may or may not be announced. At some sales the announcing is necessary in order that proper accounts be kept. Some buyers desire their names announced, and others do not. When a butcher, for example, is buying top-grade animals he usually wants his name correlated mentally with the purchase and slaughter of high-grade animals. But when he is purchasing off-grade stock, he is obviously not anxious for his name to be used.

Men who are acquainted with the history and development of livestock auctions have stated that some of the present practices in auctioneering and bidding may, if not corrected, cause subsequent failure of many auctions. An example of these ruinous practices is the prearrangement of prices between

auctioneer and buyers or between the auction manager and buyers. The antagonism that is aroused among consignors when they discover such practices is sure to be very destructive.

Good auctioneers are scarce, if one is to judge the number by the wages paid auctioneers. However, this condition cannot be criticised if it is assumed that the qualifications of auctioneers and, hence, their value to the producers in a community are well known to their employers.

The number of sales that were auctioned regularly per week by one auctioneer ranged from one to five. It would seem to be of advantage for an auctioneer to "cry" several sales during the week in order that he may be constantly aware of price fluctuations, desired weights, etc. When practically the entire selling and management of selling are left to the discretion of the auctioneer, as is sometimes done, this need for competence cannot be over-emphasized.

### *POLICIES AND METHODS OF KEEPING THE PRICE IN LINE WITH THE CENTRAL MARKETS*

If there were plenty of active competition at every sale, efforts to hold up the price would not be necessary. In other words, if there were no collusion among buyers and the buyers were numerous, there need be no worry about the stock bringing a fair price, but these conditions do not always exist, and, hence, there is some necessity for the auction management to take steps to prevent stock from being sold for very low prices.

Keeping the price in line is an absolute necessity for the continued operation of an auction, according to the opinion of sale managers. As several managers indicated, "one or two bad sales would ruin us; the consignors must be protected". That is, if consignors receive low prices for several sales they will market their stock by other methods, and consignments are the lifeblood of an auction sale.

There were two methods generally used to keep the price where it should be. One of these was the encouragement of a large number of competitive buyers. If these buyers are bidding actively, the price will take care of itself because no buyer will allow his competitor to buy greatly under the market value. Large sales usually attract many buyers and thus it would seem that the large sales would get the highest price for the consignor. Although this may be the situation in some communities, it does not necessarily hold true in all sections. A small sale with some very alert local buyers may have little or no trouble in keeping the price up.

The other method of price maintenance hinges on the bidding and buying activities of the auction management. This method was used to remedy both poor competition among buyers and collusion among buyers. Although sales organizations hesitate to admit it, they have indicated that there is many times some prearranged bidding between buyers. In other words, buyers agree before the sale to divide up the stock offered and then bid only on their allotment.

However, because some one of the buyers does not hold to the prearranged plan of bidding or because of enmity among buyers, their best laid plans are sometimes spoiled. To remedy collusion when it does occur, it has become necessary for practically every auction manager or someone delegated by him to be ready to bid on the stock at any time. This bidding by the sales organization may or may not be made public.

This practice when known may cause much ill favor among some buyers, but if the bidding is done by a competent and unbiased person who knows live-stock values there seems to be little ground for criticism. Of course, bidding the price up beyond the true or fair value for publicity or other purposes is certainly an undefensible practice.

### *BID STARTING*

Theoretically, bids are usually started by either the buyers, auctioneers, or auction sale managers. Actually, there were incidents when the sellers or posted bidders started the bidding. Furthermore, any possible combination might appear although different organizations tended to follow one procedure fairly closely.

**TABLE 15.—The Customary Bid Starting Practices in 31 Ohio Auction Sales**

Bid starters	Number
Buyers .....	9
Buyers or auctioneers or sale manager .....	7
Auctioneers or buyers .....	5
Auctioneer or manager .....	5
Auctioneer .....	3
Manager or buyers .....	2

There was no standard policy on starting bids. Disregarding the time required for the auctioneer to build the price up to the selling point, the bid starting was not of great importance where bidding was active and competition keen; however, where the bidding was slow, the opening bid by a manager or auctioneer may have prevented an animal from being sold at a "stealing" price.

The point at which the bids were started varied somewhat over the State. Where buyers started the bid, the start was usually low; where the manager started the bid, it was usually near, or slightly under, the market value of the stock. A few organizations followed the practice of starting the bids above the market value and dropping until the stock was sold. However, most of the sales followed the policy of starting the bid in the lower or in the middle brackets. In those sales where the bid was started above the market price the manager bid and bought at the point which he believed to be a fair price.

### *COMMISSION CHARGES*

Commission charges on animals consigned to the livestock auction were levied to cover fixed and variable costs of operation, and, in addition, they should provide sufficient profit to attract as many investors as the conditions of the period justify.

Most of the Ohio auctions charged a stipulated amount regardless of the value of the animal. Of course, some elasticity in charges was allowed; for example, charges on animals of very low value were sometimes lowered (or even dropped entirely).

There were at the time of the study four of the larger auctions charging commissions on the percentage basis. A definite percentage commission charge has the advantage of being sensitive to the value of the animal being

sold. It is disadvantageous to the investors in the auction sale in that receipts from commissions vary as livestock prices rise or fall. The "definite amount" commission charge gives a fairly constant return to the auction as long as the number of consignments of each species remains nearly the same.

Tables 16, 17, 18, and 19 indicate the commissions charged at 40 of Ohio's largest auctions.

**TABLE 16.—Commission Charges per Animal on Cattle, Bulls, and Cattle in Carlots at 40 Ohio Auction Sales**

Commission charge	Number of auction sales			
	Cattle		Bulls	Carlots
	1st division*	2nd division*		
\$ 0.50.....		1		
0.60.....		1		
0.75.....	2	18	1	
0.80.....	1			
0.85.....			1	
0.90.....		3		
1.00.....	23	1	3	
1.10.....	1			
1.15.....	1			
1.25.....	1		9	
1.50.....			1	
3%.....	6	6	5	6
3%+\$0.50.....	1			
4%.....	4	4	4	4
5%.....			2	
10.00.....				1
15.00.....				1
18.00.....				10
No answer.....		6	14	18
Total.....	40	40	40	40

\*The *first division* is the group of sales in which the "individual animal" or small-consignment charge applies; and the *second division* includes those sales that are in the decreased charge group or large-consignment classification.

**TABLE 17.—Commission Charges per Animal on Calves and on Cow With Calf at 40 Ohio Auction Sales**

Commission charge	Number of auction sales		
	Calves		Cow and calf
	1st division*	2nd division*	
\$ 0.20.....	1		
0.25.....	3	5	
0.30.....		1	
0.35.....	5		
0.40.....	7		
0.50.....	12		
1.00.....			1
1.25.....			5
1.50.....			12
3%.....	4	5	5
4%.....	4	4	4
5%.....	2	2	2
No answer.....	2	23	11
Total.....	40	40	40

\*See footnote in Table 16.

**TABLE 18.—Commission Charges per Animal on Market Hogs, Pigs, Boars, Sows, and Sow and Pigs at 40 Ohio Auction Sales**

Commission charge	Number of auction sales					
	Hogs		Pigs	Boars	Sows	Sow and pigs
	1st division*	2nd division*				
\$0.10.....	1	1	4			
0.15.....	1	12	9			
0.20.....	5	12				
0.25.....	21			2	1	
0.30.....	1			1	2	
0.40.....				1	1	
0.50.....				13	10	
0.55.....						1
0.65.....					1	
0.75.....				2		2
1.00.....						15
1.50.....						6
3%.....	5	6	9	6	6	4
4%.....	4	4	4	4	4	2
5%.....	2	2	2	2	2	9
No answer.....	1	3	12	9	13	
<b>Total.....</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>

\*See footnote in Table 16.

**TABLE 19.—Commission Charges per Animal on Sheep and Horses at 40 Ohio Auction Sales**

Commission charge	Number of auction sales		
	Sheep		Horses
	1st division*	2nd division*	
\$0.10.....		3	
0.15.....	8	5	
0.20.....	6		
0.25.....	11		
0.30.....		1	
0.50.....	1		
1.00.....			1
1.25.....			1
1.50.....			10
2.00.....			6
3%.....	6	6	3
4%.....	4	4	3
5%.....	2	2	2
No answer.....	2	19	14
<b>Total.....</b>	<b>40</b>	<b>40</b>	<b>40</b>

\*See footnote in Table 16.

Table 16 points out that the most usual charge for cattle in large consignments was 75 cents per animal, and the usual charge for sale of individual animals was \$1 per animal. The charge for selling bulls was usually \$1.25. This sometimes varied according to the weight of the animal, 600 pounds being the dividing mark. Cattle sold by the carlot were generally sold for \$18 per car.

The customary charge for selling calves was 50 cents per head, and the charge for cows with calf by side was usually \$1.50. Table 17 also indicates

there was a tendency for a few of the sales to charge less than the customary commission on calves and that five sales made a commission charge of 25 cents per head on all large consignments of calves.

On market hogs the commission that was generally charged was 25 cents per head on large consignments. Pigs were sold usually for 15 cents per head. There was also a tendency for some organizations to charge commissions on pigs on the percentage basis, 3 per cent being the customary rate. Boars and sows were usually sold for 50 cents per head, and for a sow with pigs by her side the most general commission charge was \$1.

Table 19 shows a 10-cent differential between the "individual animal" and the "large consignment" commission charges on sheep, the customary charges being 25 cents and 15 cents in the order named. On horses the most usual commission charge was \$1.50 per head, although a number of the auctions charged \$2.

It has been suggested by several auction managers that commission charges should be standardized. If this could be done it would tend to eliminate cross-handling and would make for greater efficiency in marketing livestock.

### INSURING STOCK

To avoid loss resulting from the death or crippling of animals while in the yards an insurance charge was usually set up to pool the risks on consignments.

Of the 31 auction sales, 61.3 per cent charged a small fee for insurance against risk of loss. Thus, 38.7 per cent of the auctions did not make a provision to have the consignor insure his stock while it was in the yards. Of the 19 auctions (first column, Table 20), 17 charged at the rate of 0.5 per cent on value of consignments, and a flat charge of 5 cents per animal consigned was made by the other two sales. These insurance charges were not rigid, the rate being decreased as the value of the consignments decreased; that is, if a day-old calf sells for 75 cents there will probably be no insurance charge made. Some auction sales waive insurance charges on all consignments below \$25 in value. Otherwise, the bookkeeping expense would more than overbalance the benefit derived from making the charge.

**TABLE 20.—Number of Auction Sales Making an Insurance Charge and the Number Making no Charge**

Insurance charge is made.....	19
Blanket insurance is carried by auction.....	1
Insurance optional with consignor.....	1
No insurance, auction assumes risk.....	5
No insurance, owner assumes risk.....	5

Those sales that make no insurance charges but do pay for losses incurred do so, of course, only when the loss results from an error in caring for the stock by auction sale employees or from faulty yard equipment. Other sales assumed responsibility for the safety and health of all stock except cattle, because they believed the risk on cattle was too great unless insurance was provided. The risk was greatest during the extremely hot summer weather. Where insurance was optional with the consignor, the privilege was rarely used, indicating that the sellers thought the risk involved was slight.

As indicated in Table 20 there were five sales that assumed responsibility for the stock. One of these formerly levied an insurance charge but discontinued the practice because it was too great an expense for the amount of loss actually incurred.

### *VETERINARY INSPECTION*

There were two auction sales in Ohio, one of which began operations in 1932 and the other in 1933, that made provision to have every animal that was brought into the yards inspected by a competent veterinarian. One of these auction sales charged  $\frac{1}{4}$  of 1 per cent on the selling price of all animals to cover the cost of this inspection.

Due to the possibilities of rapidly spreading disease by passing stock through disease-infected yards or by close contact with infected animals, there has been much attention drawn to veterinary inspection. Advantages and disadvantages are debated a great deal and strong arguments are advanced from several viewpoints of the situation. The two auction sales in Ohio that had inspection were well pleased with the results. The main benefit was the confidence that the buyers had in knowing that the stock they bought was probably free from disease or parasitic infestation. A diseased animal becomes a menace to the entire community when it is admitted to the auction yards.

Several auction sale managers were doing excellent work in preventing spread of disease. Their methods were: Scrupulous cleanliness, weekly disinfection, and veterinary inspection of all animals. However, while these commendable sanitary conditions did prevail, there were many marked exceptions. Sanitation measures in some of the yards were deplorable. Cleanliness was given little attention; disinfection was not given a thought; and inspection, either voluntary or compulsory, was tabooed.

Since this study was completed the Ohio legislature passed an act on May 16, 1935, to provide for the inspection and control of disease of livestock through livestock yards in the State. All agencies marketing livestock are licensed by the Division of Animal Industry of the Department of Agriculture of Ohio. Definite sanitary requirements and inspection are provided under the supervision of the State veterinarian. This new act became effective September 1, 1935.

### **CONSIGNORS AND BUYERS AT OHIO LIVESTOCK AUCTION SALES**

#### *CONSIGNORS*

One of the most widespread objections to the Ohio auction sale as given by the farmers patronizing them was that the auctions were not farmers' auctions. By this they meant that a large part of the consignments were dealer consignments that were peddled from auction to auction until they were supposedly sold at a profit. The belief was that this practice makes the auction sale a market for inferior animals that have very little butcher value. Naturally, if a market is reputed to handle only low grade stock, then only buyers of that grade of stock will patronize the market. This situation gives rise to the opinion that animals of superior quality do not bring a just price at auction sales.

Table 21 brings out some discredit to these presumptive and evidently ill-founded criticisms.



**TABLE 21.—Average Estimate by Auction Managers of Percentage of Volume of Livestock Consigned by Farmers and Dealers at 23 Ohio Livestock Auctions\***

By species

Species	Per cent of total		
	Farmers	Dealers	Total
Fat hogs .....	86.4	13.6	100.0
Feeder hogs .....	71.7	28.3	100.0
Fat cattle .....	72.4	27.6	100.0
Cows .....	63.6	36.4	100.0
Feeder cattle .....	41.1	26.5	67.6†
Calves .....	88.0	12.0	100.0
Lambs .....	81.0	19.0	100.0
Ewes .....	71.4	28.6	100.0

\*These auctions represent 22 counties.

†32.4 per cent of the total volume of feeder consignments at these auction sales was consigned from other (Western) markets.

If we make the assumption that each species of animals sold through the auction is equally weighted as far as number per species is concerned, Table 21 shows that 24 per cent of all livestock is consigned by dealers. It follows that the number of head of stock consigned by farmers is slightly more than three times the number consigned by dealers. However, this is an estimate of the volume by the managers and they may have minimized the dealer volume.

From a comparison of the number of farmer-patrons to the number of dealer-patrons it would appear that the farmers have even a greater prominence than was indicated by the above quantity-consigned relationship. This influence was made apparent by the fact that dealers usually consign more animals per person than do farmers; hence, it required more than three times as many farmers to consign three times as many head of livestock.

Species that are most likely to be consigned through the auction by the farmer are fat hogs, calves, and lambs. Heaviest dealer consignments were of cows, ewes, and feeder hogs. It was interesting to note that the species in which dealer consignments were greatest were those species in which uncertainty of value was most apparent.

Although an analysis of Table 21 shows that auctions were not obtaining most of their volume from consigning dealers, the fact that stock has been traced from one auction to another and so on for an entire week until the stock was at last bought by a packer gives a persistency to the opinion that much dealer speculating between auction sales was being carried on.

It should be noted that the percentages given in Table 22 are percentages of only the dealer consignments and not of the total receipts; that is, in the 17 auction sales in which the part of the trader consignments that is brought from other auctions ranges from 0 to 9 per cent, the average of about 5 per cent means that approximately only 1.2 per cent of the total receipts come from other auctions. The highest estimate was from one sale that estimated 65 per cent of the trader consignments, or approximately 15.6 per cent of the total receipts, coming from other sales. Here again this is an estimate of the managers and may be biased.

**TABLE 22.—The Percentage of the Total Dealer Consignments That Are Taken from Auction to Auction Until Sold**

Estimate of managers of 31 Ohio livestock auctions

Per cent	Number of managers
0-9.....	17
10-19.....	5
20-29.....	3
30-39.....	0
40-49.....	0
50-59.....	5
60-69.....	1

**BUYERS**

The 23 auction sales included in Table 23 represent some of Ohio's most progressive auctions and, hence, indicate the buying at well established organizations. The buyers of each species are about what would be expected—the killers and order-buyers taking almost all of the finished animals, the feeder hogs, pigs, and feeder cattle going back to the farm, and a considerable dealer buying of milk cows.

**TABLE 23.—Estimated Percentage of Volume of Livestock Bought by Killers, Order Buyers, Dealers, and Farmers at 30 Ohio Livestock Auctions\***

Species	Per cent of total				
	Killers	Order buyers	Dealers	Farmers	Total
Fat hogs.....	75.5	21.7	2.4	0.4	100.0
Feeder hogs.....	3.3	3.3	20.4	73.0	100.0
Pigs.....	5.0	0.0	25.3	69.7	100.0
Fat cattle.....	87.8	7.2	4.4	0.6	100.0
Cows.....	23.9	4.5	29.6	42.0	100.0
Feeder cattle.....	0.0	0.0	11.9	88.1	100.0
Calves.....	84.4	9.8	3.9	1.9	100.0
Lambs.....	77.8	14.6	3.7	3.9	100.0
Ewes.....	16.5	2.4	19.2	61.9	100.0

\*These auctions represent 22 counties.

**THE FARMERS' VIEWPOINT**

The preceding section has been an analysis of the Ohio livestock auction derived from data obtained by personal interview with someone connected with 42 livestock auction sales. In order that the study be as free of bias as possible, the manager's opinion of the adequacy of this method of marketing has not been included. Furthermore, the opinion of the managers will not prophesy the future of the auction sale because future business depends on the number and size of consignments, which in turn depend on satisfaction of consignors. Consignors are mostly farmers so the extra consideration of the farmers' viewpoint seems justified. This was secured from a group of farmers and is explained in the first few pages of the study.

An analysis of the data was made in an attempt to find the species of livestock for which the auction method of selling is best adapted. The analysis indicated the fact that farmers showed a tendency to market a greater percent-

age of calves through the auction than other species of livestock; that is, of all the different methods available for marketing livestock, the auction was chosen as a good market for calves in more cases than for any other species.

According to the data the auction was also well adapted to the selling of cattle. The information further indicated that farmers considered the auction as inferior—in comparison to its desirability for marketing of other livestock—as a hog marketing agency.

As an indicator of the possibility for permanency of the auction method of marketing the opinions of livestock growers are quite important. Their satisfaction or dissatisfaction with the auction is of major importance in this respect. In this study several questions were asked to reveal this information. The questions were in no way suggestive.

The summation of the answers to the questions showed the general community attitude toward the auction to be favorable. Of the total number of informants who reported their opinions of the community attitude, more than twice as many reported the community attitude to be favorable as reported unfavorable.

Since the attitude toward the auction method of selling is generally favorable but at the same time there do exist some unfavorable opinions, an attempt was made to ascertain the reasons that give rise to these opposing viewpoints. To obtain these reasons reports were received from several hundred informants and the results were tabulated.

**TABLE 24.—Reasons Given by a Group of Ohio Livestock Growers  
for the Prevalence of a Favorable Community Attitude  
Toward the Livestock Auction**

Reasons	Number	Per cent of total
Good prices .....	53	22.5
Good market for low grade stock .....	43	18.2
Can watch stock be sold .....	24	10.2
More competition of buyers .....	20	8.5
Furnishes a home market .....	19	8.1
Prompt cash payment .....	18	7.6
Time saving .....	14	5.9
Shrink is low .....	14	5.9
Can sell any time .....	13	5.5
Small commission charge .....	11	4.7
New method of selling .....	7	2.9
Total .....	236	100.0

It must be remembered that the number of reasons cited for favorable and unfavorable community attitude does not indicate the relative prevalence of these divergent attitudes. They do show why Ohio farmers think as they do. The reasons for a favorable attitude toward the livestock auctions were led by the appreciation of good prices. Other prevalent reasons which make the auction appear in good light were: Good market for low grade stock; possibility to watch stock be sold; and more competition among buyers.

The most important of the reasons for an unfavorable community attitude were: Disease and parasite dissemination; chiseling business tactics of buyers and sellers; low prices; unscrupulous business ethics by the management; and a poor grade of stock sold. Thus, one group of farmers think that prices

are good, and another group think they are too low; one group approves of being able to sell low grade stock; and another group lists this practice as a major reason for disapproval of the livestock auction. Hence, there seem to be several aspects of the auction sale on which those who are best acquainted with it cannot reach a definite conclusion.

**TABLE 25.—Reasons Given by a Group of Ohio Livestock Growers for the Prevalence of an Unfavorable Community Attitude Toward the Livestock Auction**

Reasons	Number	Per cent of total
Diseases and parasites are spread.....	30	14.6
Unscrupulous business ethics of both sellers and buyers.....	27	13.2
Low price .....	22	10.7
Unscrupulous business ethics of auction management .....	21	10.2
Low grade of stock handled .....	19	9.3
Too many dealers.....	14	6.8
Service charges too high .....	11	5.4
Uncertainty of price .....	11	5.4
Low price on high grade animals .....	11	5.4
Disturbs established methods of marketing .....	9	4.4
Shortage of buyers .....	8	3.9
Poor grading.....	6	2.9
Too much by-bidding .....	6	2.9
Other reasons* .....	10	4.9
<b>Total.....</b>	<b>205</b>	<b>100.0</b>

\*Other reasons include: Lack of experience of consignor, dislike to have only one marketing outlet, too many consignors, and too much time consumed in selling merchandise.

Since the livestock auction sale is relatively new in livestock marketing, it would seem reasonable to believe that opposition to it would be most prevalent among established farm owners and that farm renters would be more likely to patronize and slow to criticise. This belief is proved to be unfounded by the answers of 260 farm owners and 79 tenants who were questioned in this study. Approximately 57 per cent of the owners and 59 per cent of the tenants stated a favorable attitude toward the auction. The opposing attitudes were represented by about 12 per cent of the farm owners and 10 per cent of the tenant farmers. The relative number of informants who made no answer and those who were undecided were also nearly the same in both groups. These figures indicate that the farmer-patrons' position in the agricultural ladder has little appreciable effect on his attitude toward the livestock auction.

Livestock auction sale managers are inclined to praise their auction on the basis of high prices paid by buyers patronizing them. This is one of their main points in upholding the auction sale against other methods of marketing. Men who have consigned considerable livestock to auction sales should be able to form an accurate opinion of the price aspect and 305 farmers have given their opinions as follows:

Prices at livestock auctions are <i>lower than the net</i> <i>prices</i> received at terminal markets .....	70
Prices at livestock auctions are <i>higher than the</i> <i>net prices</i> received at terminal markets .....	54
Prices at livestock auctions are about the same as the net prices received at terminal markets.....	117
No answer .....	64

There is a marked difference of opinion in the matter of prices, 29 per cent of those answering stated that prices were lower than the net prices (transportation and charges deducted) received at terminal markets, and 22 per cent stated that prices were higher than those received at terminal markets.

An interesting aspect of the prices received at auctions is the correlation between prices and the attitude of consignors. Of the 199 consignors who were satisfied with their dealings through the auction, 17 received lower than the net price they think they would have received at a terminal market. Thus, their satisfaction was based upon factors other than the prices they received. Sixty-seven of the satisfied group thought they received more than net terminal market prices, 77 thought they received about the same prices, while 38 made no answer. Those who were generally dissatisfied with the livestock auction could state no cases where they thought they had received more than net terminal prices. Evidently, at least part of their dissatisfaction was based on the prices they received. Exactly one-half of the dissatisfied group believed they received lower than net terminal prices. The group that was divided in opinion as to their general attitude toward the livestock auction state relatively few instances where they believed that they received more than net terminal prices. This brings out the fact that, in general, consignors use "prices received" to only a limited extent in formulating their opinion of the livestock auction sale as a method of marketing livestock.



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